

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2023-388-E

In the Matter of)	
)	
Application of Duke Energy Carolinas, LLC)	SUPPLEMENTAL DIRECT
For Authority to Adjust and Increase its)	TESTIMONY OF
Electric Rates and Charges)	LAWANDA JIGGETTS
)	FOR
)	DUKE ENERGY CAROLINAS,
		LLC

1 **I. INTRODUCTION AND PURPOSE**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
3 **CURRENT POSITION.**

4 A. My name is LaWanda Jiggetts, and my business address is 410 South
5 Wilmington Street, Raleigh, North Carolina 27601. I am a Rates & Regulatory
6 Strategy Manager, employed by Duke Energy Carolinas, LLC (“DEC” or the
7 “Company”).

8 **Q. ARE YOU THE SAME LAWANDA JIGGETTS WHOSE DIRECT**
9 **TESTIMONY AND EXHIBITS WERE FILED IN THIS DOCKET ON**
10 **JANUARY 4, 2024?**

11 A. Yes.

12 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT**
13 **TESTIMONY IN THIS PROCEEDING?**

14 A. The purpose of my supplemental direct testimony is to present updates to
15 certain accounting and pro forma adjustments. On page 13 of my direct
16 testimony, I indicated that several adjustments included in the Company’s
17 January 4, 2024 rate application contained projections through December 31,
18 2023 that would be updated with actuals in a supplemental filing. I also update
19 or present adjustments based on circumstances and events that have occurred
20 since the Company made its original filing.

1 **Q. DOES YOUR SUPPLEMENTAL DIRECT TESTIMONY INCLUDE**
2 **ANY EXHIBITS?**

3 A. Yes. I have included three exhibits: Jiggetts Supplemental Direct Exhibit 1,
4 Jiggetts Supplemental Direct Exhibit 2 and Jiggetts Supplemental Direct
5 Exhibit 4. These exhibits reflect updates to Jiggetts Direct Exhibits 1, 2 and 4
6 presented in my direct testimony in the Company's January 4, 2024 filing and
7 are described later in my testimony.

8 **Q. WERE YOUR SUPPLEMENTAL DIRECT EXHIBITS PREPARED BY**
9 **YOU OR UNDER YOUR DIRECTION AND SUPERVISION?**

10 A. Yes.

11 **II. UPDATE TO THE COMPANY'S PROPOSED**

12 **COST OF DEBT RATE**

13 **Q. IS THE COMPANY UPDATING ITS PROPOSED COST OF DEBT**
14 **RATE IN THIS SUPPLEMENTAL FILING?**

15 A. No. The Company proposed a cost of debt rate of 4.56% in its initial January 4,
16 2024 filing, which represented cost of debt financing through September 30,
17 2023. The cost of debt financing through December 31, 2023 remains 4.56%.

III. UPDATES TO THE COMPANY’S TEST PERIOD OPERATING INCOME AND RATE BASE

Q. PLEASE DESCRIBE JIGGETTS SUPPLEMENTAL DIRECT EXHIBIT

1.

A. Jiggetts Supplemental Direct Exhibit 1 presents the impact of the adjustments discussed in my supplemental direct testimony on the Company's operating income, rate base, and revenue requirement. Jiggetts Supplemental Direct Exhibit 1, Pages 1 through 4d, are updates to Jiggetts Direct Exhibit 1, Pages 1 through 4d, that reflect changes to certain accounting and pro forma adjustments. Jiggetts Supplemental Direct Exhibit 1, Page 5, summarizes the revenue requirement impact of the changes that are explained throughout my supplemental direct testimony.

Q. PLEASE DESCRIBE JIGGETTS SUPPLEMENTAL DIRECT EXHIBIT

2.

A. Jiggetts Supplemental Direct Exhibit 2 summarizes what the proposed revenue adjustments would be based on changes made to certain accounting and pro forma adjustments.

Q. PLEASE DESCRIBE JIGGETTS SUPPLEMENTAL DIRECT EXHIBIT

4.

A. Jiggetts Supplemental Direct Exhibit 4 provides details for certain accounting and pro forma adjustments previously filed in Jiggetts Direct Exhibit 4.

1 **Q. PLEASE EXPLAIN THE UPDATES TO THE ACCOUNTING AND PRO**
2 **FORMA ADJUSTMENTS PRESENTED IN JIGGETTS**
3 **SUPPLEMENTAL DIRECT EXHIBITS 1 AND 4.**

4 **A. SC2050 - Normalize O&M labor expenses**

5 This adjustment has been updated to reflect the annual level of costs for wages
6 and salaries, related employee benefits costs, and changes in related payroll
7 taxes as of December 31, 2023.

8 **SC2070 – Adjust Vegetation Management Expense**

9 This adjustment has been revised to reflect updated information on test period
10 costs.

11 **SC2100 – Levelize nuclear refueling outage costs**

12 This adjustment has been updated to reflect the last known and measurable
13 outage deferral amortization expense as of December 31, 2023.

14 **SC2150 – Adjust test year rent expense**

15 This adjustment has been updated to reflect rent revenue and expense as of
16 December 31, 2023.

17 **SC2160 – Adjust O&M for Reliability Assurance**

18 This adjustment has been revised to reflect updated information received from
19 the business unit on expected 2024-2026 spend for this program.

20 **SC3010 – Annualize depreciation**

21 **SC3020 – Annualize property taxes**

22 **SC3030 - Adjust for post test year additions to plant in service**

23 **SC3040 – Adjust for new depreciation rates**

These adjustments have been updated to reflect the actual plant in service and accumulated depreciation balances as of December 31, 2023.

SC3050 - Add CWIP in rate base

This adjustment has been updated to include the construction work in progress (“CWIP”) balance as of December 31, 2023 in rate base, excluding projects eligible for the Grid Improvement Plan regulatory asset treatment.

SC4010 - Amortize deferred environmental ARO costs

This adjustment has been updated to reflect actual environmental ARO costs from October 1, 2023 through December 31, 2023. Actual environmental ARO costs from September 1, 2018 through December 31, 2023 included for recovery in this rate case total approximately \$1,007 million on a system basis and \$238 million on a South Carolina retail basis (see chart below).

Site (\$ in millions)	Total System	Less Adjustments	Adjusted Total System	Allocated to SC Retail
Allen	\$121	\$(1)	\$120	\$28
Belews Creek	141	(1)	141	34
Cliffside	127	(0)	127	30
Marshall	209	(0)	209	49
Buck	243	(1)	243	57
Dan river	76	(0)	76	18
WS Lee (SC)	93	-	93	22
Riverbend	103	(103)	-	-
Total	\$1,113	\$(106)	\$1,007	\$238

SC5020 - Amortize rate case costs

This adjustment has been updated to reflect the actual rate case costs from October 1, 2023 through December 31, 2023. This update did not impact the

1 total costs projected to be incurred and proposed for recovery in this rate case
2 from what was filed in the Company's January 4, 2024 filing.

3 **SC5030 - Amortize deferred environmental non-ARO costs**

4 This adjustment has been revised to correct errors identified in the Company's
5 original calculation.

6 **SC5040 - Amortize deferred grid costs**

7 This adjustment has been updated to reflect the actual Grid Improvement Plan
8 costs and plant additions through December 31, 2023. In addition, this
9 adjustment includes a correction to include Grid Improvement Plan project
10 costs that were inadvertently excluded from Company's January 4, 2024 filing.

11 **SC5100 - Amortize deferred SC AMI costs**

12 This adjustment has been revised to correct an error identified in the Company's
13 original calculation.

14 **SC5120 - Amortize Customer Connect**

15 This adjustment has been revised to correct an error identified in the Company's
16 original calculation.

17 **SC5140 - Amortize deferred S.C. Act No. 62**

18 This adjustment has been updated to reflect the actual costs incurred from
19 October 1, 2023 through December 31, 2023.

20 **SC5150 - Amortize Residential credit card fees**

21 This adjustment has been updated to reflect actual costs incurred from October
22 1, 2023 through December 31, 2023.

23 **SC6020 - Adjust 1/8 O&M for accounting and pro forma adjustments**

1 This adjustment has been updated to reflect the changes to cash working capital
2 resulting from the other changes discussed in my supplemental direct
3 testimony.

4 **SC6030 - Synchronize interest expense**

5 This adjustment has been updated to reflect the income tax impact of the change
6 in interest costs resulting from the changes in rate base.

7 **Q. WHAT CUMULATIVE IMPACT WOULD THE COMPANY'S**
8 **SUPPLEMENTAL ADJUSTMENTS HAVE ON REVENUES?**

9 A. The cumulative impact that the supplemental adjustments would have on the
10 Company's proposed revenue requirement is an increase of approximately \$10
11 million as presented in Jiggetts Supplemental Direct Exhibit 1, Page 5.

12 **Q. IS THE COMPANY PROPOSING ANY CHANGE IN THE REVENUE**
13 **REQUIREMENT BEING REQUESTED IN THIS PROCEEDING?**

14 A. No, not at this time. Although Jiggetts Supplemental Direct Exhibits 1 and 2
15 do show a change in the proposed amount of electric operating revenues that
16 are supported by this filing, the Company is not requesting a higher increase
17 than was originally noticed. However, this supplemental update is the most up
18 to date and accurate calculation of the Company's revenue requirement.

19 **Q. IN YOUR OPINION, DO THESE ADJUSTMENTS REFLECT KNOWN**
20 **AND MEASURABLE CHANGES TO THE COMPANY'S TEST**
21 **PERIOD OPERATING EXPENSES, REVENUES, AND RATE BASE?**

22 A. Yes.

1 **Q. DOES THIS CONCLUDE YOUR PRE-FILED SUPPLEMENTAL**
2 **DIRECT TESTIMONY?**

3 **A. Yes.**